



DE News

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Another Across-the-Board Cut?

It seems very likely that the official March estimate of state revenues will be lowered to reflect what we already know. The State of Iowa is now at a 50-year low in terms of revenues being received and is at a 30-year low in terms of expenditures. In the face of these declines, the Governor will very likely be forced to order a second across-the-board reduction in this fiscal year. If the situation is this clear today, there is no advantage to waiting until March to respond to the revenue shortfall. The Governor could take action as early as next week.

It is important to remember that the Governor can only order an across-the-board reduction in all appropriations that have not been expended. He does not have the authority to choose which appropriations should be reduced through his action. Because the priorities created in the appropriations process are the joint responsibility of both the executive and legislative branches, it probably makes sense that the Governor cannot act unilaterally to reset those priorities. An across-the-board cut has the general effect of reducing all priorities proportionately.

Obviously, further reductions at this point are very difficult for all areas of government to absorb. In the education community, Regent's universities, community colleges, and area education agencies all began this year with funding levels lower than last year. Along with school districts, they were directly affected by the 4.3% reduction in November. Another reduction at this point will cause a number of serious problems.

While I do not have any direct information about how Regent's institutions or other state agencies will be able to respond to this likely reduction, we have a fairly good idea of what will need to occur in school districts, AEAs and community colleges. It is clear in each case that their options are even more limited now than in November. Cash reserves are substantially more depleted, borrowing options are more limited and more expensive, and the ability to actually reduce more expenses is more difficult.

The major costs associated with education are dedicated to teaching and learning. It is, however, quite difficult to reduce expenditures in instructional programs mid-year, especially now that the second semester is underway. At this point in the school year, the greatest cost reductions would most likely be

realized by reducing instructional staff and the number of educational programs offered. This might mean a reduction in the number of sections at some elementary grade levels or the elimination of some secondary courses. Both of these options are very disruptive for students and should be avoided if at all possible. The fact that the instructional staff are under contract for the duration of the year makes such reductions very difficult as well.

In talking with school district superintendents, community college presidents and AEA administrators this week, this means that we are more likely to see reductions in non-contract staff positions now with reductions in contract staff and instructional programs occurring next year. Most community colleges have already cut staff and program offerings going into this year and at the beginning of the semester. Community colleges have also had to increase tuition even though layoffs and economic changes make accessible education more important than ever to get back into the workforce.

While educators understand the financial predicament faced by the State of Iowa, many have expressed concern that local reserves might be sacrificed in order to preserve the state's cash reserves. We all face some very difficult decisions in the days and weeks ahead. We will provide more information as it becomes available.

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***Iowa Department of Education Mission:
"Helping communities meet the learning needs of all of their children and adults"***

DE News provides timely information about legislative and policy issues, grants and funding, trends in education, and other items of immediate interest to Iowa educators and policymakers. Contact Kathi Slaughter, 515/281-5651; fax 515/281-4122; email kathi.slaughter@ed.state.ia.us.